

Message Text

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PAGE 01 SAN JO 04163 312107Z

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ACTION OPIC-06

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00 EB-04

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FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC 8477

INFO AMEMBASSY GUATEMALA 3174

AMEMBASSY MANAGUA

AMEMBASSY PANAMA

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

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E.O. 11652: N/A

TAGS: EINV, CS

SUBJECT: PROPOSED REGIONAL SEMINAR ON OPIC PROGRAMS

REF: STATE 229965; SAN JOSE 4025

PASS EXIM BANK

1. SUMMARY. FOLLOWING DISCUSSIONS WITH OPIC REPRESENTATIVE, KEN DAVIDSON, AND MORE DETAILED STUDY OF PLANS FOR PROPOSED CENTRAL AMERICAN SEMINAR IN SAN JOSE TO PROMOTE OPIC PROGRAMS, EMBASSY HAS DECIDED THAT SOME CHANGES IN OPIC PLANS SHOULD BE SUGGESTED. FOR REASONS WHICH WILL BE DISCUSSED IN THE BODY OF THIS MESSAGE, THE EMBASSY BELIEVES: THAT THE PROPOSED SEMINAR SHOULD BE CONDUCTED NOT REGIONALLY BUT ON A COUNTRY BY COUNTRY BASIS; THAT THE SEMINAR SHOULD FOCUS ON OPIC LOAN PROGRAMS; AND THAT NO PRESENTATION, OTHER THAN ANSWERING QUESTIONS, SHOULD BE MADE ON OPIC INSURANCE PROGRAMS WHICH ARE ALREADY WELL KNOWN. THE EMBASSY BELIEVES THAT THE USEFULNESS OF A COUNTRY

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PAGE 02 SAN JO 04163 312107Z

SEMINAR WOULD BE ENHANCED IF IT WERE CONVERTED INTO A

SEMINAR ON FINANCING OF IMPORTS FROM THE U.S., WITH THE PARTICIPATION OF NOT ONLY OPIC BUT ALSO THE EXIM BANK AND PERHAPS A SPOKESMAN FOR MAJOR PRIVATE BANKS OPERATING IN THE AREA. END SUMMARY.

2. ECONOMIC AND COMMERCIAL OFFICERS FROM CENTRAL AMERICAN POSTS (EXCEPT PANAMA) HAD AN OPPORTUNITY TO DISCUSS PROPOSED REGIONAL SEMINAR ON OPIC PROGRAMS WITH OPIC REP, KEN DAVIDSON, AT SAN SALVADOR LAST WEEK. AS A RESULT IT IS THE OPINION OF THIS EMBASSY THAT AN OPIC SEMINAR SHOULD NOT BE CONDUCTED ON A REGIONAL BASIS BUT ON A COUNTRY BY COUNTRY INDIVIDUAL BASIS. IT IS OUR UNDERSTANDING THAT OTHER POSTS IN CENTRAL AMERICA ANTICIPATE DIFFICULTY IN CONVINCING PROPOSED ATTENDEES THAT THEY SHOULD PAY THEIR OWN WAY TO COSTA RICA TO HEAR THE OPIC PRESENTATION. FROM THE POINT OF VIEW OF COSTA RICA WE HAVE SOME FUNDAMENTAL RESERVATIONS ABOUT A REGIONAL SEMINAR.

3. A HIGHLY PUBLICIZED REGIONAL CONFERENCE IN SAN JOSE ON OPIC PROGRAMS, WITH ATTENDANCE BY GOVERNMENT OFFICIALS, EMBASSY AND AID OFFICERS, AND KEY BUSINESSMEN, WOULD BE LIKELY TO CREATE AN IMPRESSION IN COSTA RICA OF THE EXISTENCE OF AN IMPORTANT NEW EFFORT BY THE USG TO PROMOTE LARGE-SCALE INVESTMENT BY AMERICAN FIRMS IN COSTA RICA AND CENTRAL AMERICA. WHILE THE INVESTMENT CLIMATE IN COSTA RICA HAS BEEN QUITE GOOD, THERE ARE INDICATIONS OF INCREASING SENSITIVITY TO THE POSSIBILITY OF EXCESSIVE FOREIGN INVESTMENT PARTICULARLY OF THE KIND UNRELATED TO NATIONAL DEVELOPMENT OBJECTIVES. TO A CERTAIN EXTENT NASCENT OPPOSITION TO FOREIGN INVESTMENT HAS FOCUSED ON UNDESIRABLE FORMS OF INVESTMENT SUCH AS VESCO'S OPERATIONS AND DEPREDATIONS OF LAND SPECULATORS, BUT THERE IS ALSO A MORE IDEOLOGICAL OPPOSITION OF THE NATIONALISTIC TYPE COMMON TO MANY PLACES IN LATIN AMERICA. THE NATIONALISTIC ANTI-INVESTMENT VIEW IS STILL A MINORITY ONE IN COSTA RICA, BUT LARGE U.S. REGIONAL CONFERENCE WOULD BE LIKELY TO PROVIDE A TARGET THAT WOULD BE EXPLOITED TO FURTHER THE AIMS OF THOSE WHO OPPOSE U.S. INVESTMENT IN THE AREA.

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PAGE 03 SAN JO 04163 312107Z

4. THE EMBASSY BELIEVES THAT A PROPERLY FOCUSED COUNTRY SEMINAR IN COSTA RICA WOULD AVOID MANY OF THE PROBLEMS INHERENT IN A LARGE REGIONAL SEMINAR. A COUNTRY SEMINAR SHOULD BE PLANNED WITH A MINIMUM OF PUBLICITY AND SHOULD BE CARRIED OUT BY MEANS OF INVITATIONS TO INTERESTED PARTICIPANTS. A COUNTRY SEMINAR SHOULD FOCUS ON OPIC'S LOANS AND LOAN GUARANTEES WHICH ARE NOT WELL KNOWN AND COULD BE OF

SIGNIFICANCE TO LOCAL ENTREPRENEURS. THE SEMINAR SHOULD NOT INCLUDE ANY BRIEFING ON THE INVESTMENT GUARANTY PORTION OF OPIC'S OPERATIONS, WHICH IS ALREADY WELL KNOWN, AND IS IN ANY CASE MAINLY OF INTEREST TO PARTIES LOCATED IN THE U.S.

5. THE EMBASSY BELIEVES THAT THE USEFULNESS OF A COUNTRY SEMINAR WOULD BE ENHANCED IF IT COVERED NOT ONLY OPIC FINANCING BUT ALSO OTHER FORMS OF FINANCING AVAILABLE FOR IMPORTS FROM THE U.S. THE EMBASSY WOULD THINK THAT A SEMINAR ON FINANCING OF IMPORTS FROM THE U.S. WITH THE PARTICIPATION OF OPIC, THE EXIM BANK, AND PERHAPS REPS OF MAJOR PRIVATE BANKS WOULD ATTRACT A MAXIMUM OF INTEREST AND PROVIDE THE KIND OF FORMAT THAT WOULD BE MOST USEFUL TO OPIC AND TO OTHER INSTITUTIONS CONCERNED WITH PROMOTING U.S. EXPORTS.
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